

# HB 1683

## Bill Analysis

February 7, 2000

**Brief Description:** Limiting assessed value growth for retired persons.

**Bill Sponsors:** Representatives Pennington, Mielke, McDonald, Boldt, Fortunato, Koster, DeBolt, Carrell, Campbell, Carlson, Mulliken, Van Luven, Lisk, B. Chandler, Pflug, Benson, Hankins, McMorris, Mastin, Dunn, Mitchell, Bush, Schoesler and Wensman.

### Brief Summary of Bill

- Limits assessed value increases to 2 percent per year for senior citizens and persons retired due to disability with incomes between \$30,000 and \$50,000.

**Staff:** Rick Peterson, 786-7150.

### Background:

Some senior citizens and persons retired due to disability are entitled to property tax relief on their principal residences. To qualify, a person must be 61 in the year of application or retired from employment because of a physical disability, own his or her principal residence, and have a disposable income of less than \$30,000 a year. Persons meeting these criteria are entitled to partial property tax exemptions and a valuation freeze.

Partial exemptions for senior citizens and persons retired due to disability are provided as follows:

A. If the income level is \$24,001 to \$30,000, all excess levies are exempted.

B. If the income level is \$18,001 to \$24,000, all excess levies and regular levies on the greater of \$40,000 or 35 percent of assessed valuation (\$60,000 maximum) are exempted.

C. If the income level is \$18,000 or less, all excess levies and regular levies on the greater of \$50,000 or 60 percent of assessed valuation are exempted.

In addition to the partial exemptions listed above, the valuation of the residence of an eligible senior citizen or disabled person is frozen at the assessed value of the residence on the later of January 1, 1995, or January 1 of the assessment year a person first qualifies for the program.

**Summary of Bill:**

The property tax relief program for senior citizens and persons retired due to disability is expanded. Assessed value increases are limited to 2 percent per year for the home of senior citizens and persons retired due to disability with incomes between \$30,000 and \$50,000.

The limited assessed value for these households applies to all property taxing districts, except that a county governing body may choose not to participate. If a county chooses not to participate then taxes for all taxing districts in the county, except for the state, will be calculated using an assessed value not limited by the 2 percent cap.

The property taxing district's levy amount will be adjusted to prevent a tax rate increase due to this exemption. This will prevent a shifting of property taxes onto taxpayers not benefitting from the exemption.

The exemption applies to property taxes levied for collection in 2000.

**Appropriation:** None.

**Fiscal Note:** Requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.